Lower interest rate for SSI

3493. SHRI NANA DESHMUKH: Will the Minister of SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether a study group of the Planning Commission has come out in favour of lower rate of interest for small scale industries besides a package of Rs. 6000 crores;

(b) if so, what is Government's decision thereon; and

(c) what steps have been taken by Government to implement the decisions?

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES (SHRIMATI VASUNDHARA RAJE):

(a) The "Study Group on Development of Small Scale Enterprises" constituted by the Planning Commission in May, 1990 under the Chairmanship of Dr. S.P. Gupta, Member, Planning Commission has recommended amongst others, the creation of funds of:

(i) Rs. 2000 crores for adequate infrastructure facilities to small scale enterprises;

(ii) Rs. 1000 crores for establishment of Incubation Centres;

(iii) Rs. 5000 crores under technology upgradation and modernisation fund with an interest subsidy of five per cent; and

(iv) Rs. 500 crores as a special venture capital type fund named as "Laghu Udyog Nirman Nidhi" for equity support.

In addition the Study Group has stated that there is a need for special package for financing tiny and village industries at reasonable rate viz. Primary lending rate (PLR) plus 3 per cent (to be eventually brought down to PLR plus 2 per cent for loans upto Rs. 10 lakhs).

(b) and (c) A number of recommendations of the Study Group have since been implemented through a comprehensive policy package for SSIs will strengthen the small scale sector and enhance its competitiveness both domestically and globally through easier access to credit, availability of collateral free composite loans upto Rs. 25 lakhs, capital subsidy for

technology upgradation and improved infrastructure. It includes a Credit Linked Capital Subsidy Scheme for Technology upgradation of SSIs with a provision for lending of Rs. 5000 crores. The other recommendations of the Study Group constitute a basis for the formation of the Tenth Five Year Plan.

Credit Facilities to Small Industries

3494. SHRI KHAGEN DAS: Will the Minister of SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether Government have been urged to provide level playing field to the small scale industries which is necessary for fair and healthy competition;

(b) whether the Laghu Udyog Bharti has also urged Government for timely and adequate credit facilities at low interest to the small and tiny industreis, benefit from technological advancement and innovations; and

(c) if so, what steps are being taken by Government to promote the village and agro industries?

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES (SHRIMATI VASUNDHARA RAJE): (a) and (b) Yes, Sir.

(c) To promote the Village and Agro Industries, Government have been implementing the Margin Money Scheme of the KVIC in the country, under which 25% margin money is provided to the general category of entrepreneurs and 30% in the case of SC/ST/Women/handicapped etc. for project cost upto Rs. 10 lakhs and 10% of the project cost over the above Rs. 10 lakhs upto Rs. 25 lakhs. The Government have also announced on 14.5.2001 a Policy Package for strengthening the Khadi & Village Industries sector which is comprised of Rebate Policy for five years, options of Rebate and Market Development Assistance (MDA), Insurance cover to Khadi artisans, emphasis on improvement of Khadi products, creation of packaging and design facilities, measures to promote marketing, brand building, cluster development, focus on core areas and provision of additional working capital.

Development of SSIs in the Rural Areas

3495. PROF. M.M. AGARWAL: Will the Minister of SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether there is any proposal for expansion and development of small scale industries in the rural areas of the country;